

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
March 20, 2012**

1. CALL TO ORDER & ROLL CALL

Patricia Wynne, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:46 a.m.

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Jennifer Rockwell for Ana J. Matosantos, Director,
Department of Finance

Staff Present: Michael Paparian, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Wynne asked if there were any questions or comments concerning the February 21, 2012, meeting minutes. There were none.

Ms. Wynne asked if there was a motion.

Ms. Rockwell moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian stated that there has been a slight change in the format of the CPCFA agenda. The Attorney General's office suggested it would be a good idea to start listing the items under the Executive Director's report that he is expected to cover. Mr. Paparian reported that he generally gives a brief update on some aspect of the Bond Program, the California Capital Access Program (CalCAP) and the California Recycle Underutilized Sites (CALReUSE) Program. Mr. Paparian also provides updates on the use of his delegated authority. Therefore, the Board may expect to see these items on future agendas. Mr. Paparian stated that he will also include any other items that he is aware of as of the date the agenda is prepared.

Mr. Paparian reported that in the Bond Program, the Poseidon Desalination Project in

Agenda Item 2.

Carlsbad continues to move closer to a request for bond allocation. Staff has been monitoring project development, and Mr. Paparian attended meetings of the San Diego County Water Authority (SDCWA) where the project has been under discussion. Mr. Paparian stated that the project is expected to come to the CPCFA Board with a final resolution request in an amount close to the induced amount of \$780 million. There will be two related bonds; one for Poseidon and one for the SDCWA. The SDCWA bond will be a governmental purpose bond not subject to volume cap allocation. The SDCWA released a schedule indicating that there will be a release of the Water Purchase Agreement in April followed by public workshops in May and June. The SDCWA Board expects to take action in June and request bond issuance sometime over the summer.

Mr. Gordon asked Mr. Paparian if he had any sense as to when the State Water Board planned to adopt its once-through cooling strategy with regards to desalination.

Mr. Paparian replied that he did not.

Mr. Gordon stated that the Controller expressed an interest in the two dates lining up, and he is not copasetic with the Poseidon project rushing ahead of the Water Board's decision on desalination and once-through cooling.

Mr. Paparian replied that staff would look into the Water Board's schedule; however, Mr. Gordon might know more about its process.

Mr. Gordon stated that his understanding was some time in 2012. The Controller may be interested in the Water Board reaching its decision before the CPCFA Board votes on the Poseidon situation.

Mr. Paparian replied that staff would find out more from the Water Board regarding its expectations and report back to the CPCFA Board next month.

Mr. Gordon stated that that would be helpful.

Mr. Paparian reported that in the CALReUSE Program it has been very satisfying to see more projects complete both their cleanup using the Prop. 1C funds and subsequent construction of housing units. Jason Bradley, the CALReUSE Manager, and his team have even heard from grateful residents of low income housing projects that they have visited. Two examples of recently opened projects are:

- St Joseph's Apartments — 84 affordable senior rental apartments in Oakland. Remediation funds (\$999,110) were used to remove lead-based paint and asbestos. The original site was constructed as a convalescent home for the elderly and operated by the Little Sisters of the Poor.
- Lorena Apartments – 112 units of affordable rental housing in Los Angeles. Remediation funds (\$5,000,000) were used to remove a multitude of contaminants from the land. The subject property was formerly used as a residence, a medical office/clinic and a church.

In CalCAP, Gisele Geiger, Nancee Trombley and Mr. Paparian attended a workshop held by the U.S. Treasury and all of the states using State Small Business Credit Initiative (SSBCI) funds for various programs. Although a couple states are ahead of California in terms of spending their federal funds, California far surpasses any other state in terms of the number of businesses assisted. This is due to the success of CalCAP. CalCAP expects to assist its 1,000th business using federal SSBCI funds soon. The program will have reached this milestone within just one year as CalCAP started using the funds in April 2011.

Mr. Paparian stated that he is required to report to the Board on the use of his delegated authority in the Bond Program. This month, he took two actions involving outstanding bonds for Waste Management, Inc. Mr. Paparian approved a new interest rate term and also took action related to appointment of a remarketing agent.

A. INFORMATIONAL REPORT REGARDING CALCAP SMALL BUSINESS ASSISTANCE USING FEDERAL STATE SMALL BUSINESS CREDIT INITIATIVE FUND

Mr. Paparian reported that California received \$168 million in SSBCI funds. \$84 million went to the Business, Transportation & Housing (BT&H) Agency, and another \$84 million went to CPCFA for CalCAP. Per SSBCI guidelines, the allocated funds must be used by 2017.

CalCAP continues to build on the Program's success through the enrollment of new lenders and expanded Program use by existing lenders. However, some of the large regional and national banks that have indicated an interest have not yet become active in the Program. Without broader participation in the Program, it is uncertain whether CalCAP will be able to use the full allocation.

CPCFA intends to submit a request to the U.S. Treasury to approve a shift of the awarded funds to include a Collateral Support Program and a Loan Participation Program. Emphasis in these programs will be placed on promoting energy efficiency projects and assisting businesses in severely affected communities.

Mr. Paparian stated that staff would come back before the Board for any necessary actions. It is possible that staff will need some new regulations or some other actions of the Board.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND TAX-EXEMPT VOLUME CAP ALLOCATION

1) Zero Waste Energy Development Company LLC

Presented by: Alejandro Ruiz, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Agenda Item 2.

Staff requested approval of a Final Resolution and Volume Cap Allocation for an amount not to exceed \$32,390,000 to finance construction of two anaerobic digestion systems for organic materials, land development and infrastructure improvements which are required to operate the facilities. The Board approved the Initial Resolution in the amount of \$23,225,000 on June 23, 2010. Due to additional project locations and project costs, Zero Waste Energy Development Company LLC and/or its Affiliates requested an increase of the Final Resolution to \$32,390,000.

Ms. Wynne asked if there were any questions or comments from the Board or public. There were none.

Ms. Wynne asked if there was a motion.

Mr. Gordon moved approval of the item; upon a second, the item was unanimously approved.

B. REQUEST TO APPROVE CHANGE OF EQUITY PARTNER OF GRANTEE UNDER THE CALReUSE REMEDIATION PROGRAM (PROP 1C)

- 1) Change of Rockwood Christie, LLC's Equity Partner from RockEmery Christie, LLC to Essex Portfolio, L.P. for the 64th and Christie Project**
Presented by: Kristina McElfresh, ATPO

Staff introduced Denise Pinkston & Nicholas Targ of TMG Partners.

Staff requested approval for the removal of RockEmery Christie, LLC, the current equity partner, and the addition of Essex Portfolio, LP as equity partner.

On November 19, 2008, the Board approved a grant in the amount of \$5,000,000 to TMG Partners to fund the 64th and Christie Project. The Authority subsequently received a request from TMG Partners to redirect the \$5,000,000 grant award to Rockwood Christie, LLC. The modification was requested to address the Project's ownership structure. The Board approved the transfer of the Infill Grant Award for the project from TMG Partners to Rockwood Christie, LLC and on November 18, 2010, Rockwood Christie, LLC entered into a Grant Agreement with the Authority.

Ms. Wynne asked if there were any questions or comments from the Board or public.

Ms. Pinkston stated that TMG Partners is grateful to be partnered with CPCFA and anxious to start construction on the 190 unit apartment building which will be green-point rated, will have many other green features and will bring families in to Emeryville.

Ms. Wynne asked if there were any further comments from the Board, or the public. There were none.

Ms. Wynne asked if there was a motion.

Mr. Gordon moved approval of the item; upon a second, the item was unanimously approved.

5. PUBLIC COMMENT

Ms. Wynne asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:00 a.m.

Respectfully submitted,

Michael Paparian
Executive Director